

**ASSEMBLY BILL**

**No. 952**

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**Introduced by Assembly Member Coto**

February 18, 2005

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An act to amend Section 17463.6 of the Education Code, relating to public schools.

LEGISLATIVE COUNSEL'S DIGEST

AB 952, as introduced, Coto. Surplus school property: use of proceeds: East Side Union High School District, Franklin-McKinley Elementary School District, and San Jose Unified School District.

Existing law, the Leroy F. Greene School Facilities Act of 1998 (the Greene Act of 1998), requires the State Allocation Board to allocate to applicant school districts, prescribed per-unhoused-pupil state funding for construction and modernization of school facilities, including hardship funding, and supplemental funding for site development and acquisition.

Existing law requires a school district to use the funds derived from the sale of surplus property for capital outlay or for costs of maintenance of school district property that the governing board of the school district determines will not recur within a 5-year period. Existing law authorizes a school district having an average daily attendance of less than 10,001 in any fiscal year to deposit any and all interest earned on those funds into the general fund of the district if the school district meets certain conditions.

Existing law, notwithstanding any other law, and until January 1, 2007, authorizes the Santa Clara Unified School District to use the proceeds from the sale of surplus real and personal property, as provided, to deposit the proceeds into the general fund of the school district or county office of education, and to use the proceeds from

that transaction for any one-time general fund purpose. If the purchase of the property was made using the proceeds of a general obligation bond act or revenue derived from developer fees, existing law prohibits the amount deposited into the general fund of the school district or county office of education from exceeding the difference between the purchase price of the property and the proceeds of the transaction divided by the amount of the proceeds of the transaction, as defined.

This bill would afford the same authorization to the East Side Union High School District, the Franklin-McKinley Elementary School District, and the San Jose Unified School District.

The bill would declare that, due to the special circumstances applicable to the East Side Union High School District, the Franklin-McKinley Elementary School District, and the San Jose Unified School District, a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution, and the enactment of a special statute is therefore necessary.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 17463.6 of the Education Code, as  
2 added by Section 2 of Chapter 838 of the Statutes of 2004, is  
3 amended to read:  
4 17463.6. (a) Notwithstanding any other *provision of law*, the  
5 Santa Clara Unified School District, *the East Side Union High*  
6 *School District, the Franklin-McKinley Elementary School*  
7 *District, or the San Jose Unified School District*, may use the  
8 proceeds from the sale of surplus real property, together with any  
9 personal property located thereon, if purchased entirely with  
10 local funds and may deposit the proceeds thereof into the general  
11 fund of the school district or county office of education for any  
12 one-time general fund purpose. If the purchase of the property  
13 was made using the proceeds of a general obligation bond act or  
14 revenue derived from developer fees, the amount of the proceeds  
15 of the transaction that may be deposited into the general fund of  
16 the school district or county office of education may not exceed  
17 the percentage computed by the difference between the purchase

1 price of the property and the proceeds from the transaction,  
2 divided by the amount of the proceeds of the transaction. For the  
3 purposes of this section, proceeds of the transaction means either  
4 of the following, as appropriate:

5 (1) The amount realized from the sale of property minus  
6 reasonable expenses related to the sale.

7 (2) For any transaction that did not result in a lump-sum  
8 payment of the proceeds of the transaction, the proceeds of the  
9 transaction shall be calculated as the net present value of the  
10 transaction.

11 (b) The State Allocation Board shall reduce an apportionment  
12 of hardship assistance awarded to the Santa Clara Unified School  
13 District, *the East Side Union High School District, the*  
14 *Franklin-McKinley Elementary School District, and the San Jose*  
15 *Unified School District*, pursuant to Article 8 (commencing with  
16 Section 17075.10) by an amount equal to the amount of the sale  
17 of surplus real property used for a one-time expenditure of the  
18 school district pursuant to this section.

19 (c) If the Santa Clara Unified School District, *the East Side*  
20 *Union High School District, the Franklin-McKinley Elementary*  
21 *School District, or the San Jose Unified School District* exercises  
22 the authority granted pursuant to this section, the *school* district  
23 is ineligible for hardship funding from the State School Deferred  
24 Maintenance Fund under Section 17587 for five years after the  
25 date of sale.

26 (d) Before the Santa Clara Unified School District, *the East*  
27 *Side Union High School District, the Franklin-McKinley*  
28 *Elementary School District, or the San Jose Unified School*  
29 *District*, exercises the authority granted pursuant to this section,  
30 the governing board of the school district shall first submit to the  
31 State Allocation Board documents certifying the following:

32 (1) The *school* district has no major deferred maintenance  
33 requirements not covered by existing capital outlay resources.

34 (2) The sale of real property pursuant to this section does not  
35 violate any provisions of a local bond act.

36 (3) The real property is not suitable to meet any projected  
37 school construction need for the next 10 years.

38 (e) Before the Santa Clara Unified School District, *the East*  
39 *Side Union High School District, the Franklin-McKinley*  
40 *Elementary School District, or the San Jose Unified School*

1 *District*, exercises the authority granted pursuant to this section,  
2 the governing board of the school district shall at a regularly  
3 scheduled meeting present a plan for expending one-time  
4 resources pursuant to this section. The plan shall identify the  
5 source and use of the funds and describe the reasons why the  
6 expenditure will not result in ongoing fiscal obligations for the  
7 *school* district.

8 (f) This section is repealed on January 1, 2007, unless a later  
9 enacted statute that becomes operative on or before January 1,  
10 2007, deletes or extends the date on which it is repealed.

11 SEC. 2. The Legislature finds and declares that a special law  
12 is necessary and that a general law cannot be made applicable  
13 within the meaning of Section 16 of Article IV of the California  
14 Constitution because of the unique financial circumstances of the  
15 East Side Union High School District, the Franklin-McKinley  
16 Elementary School District, and the San Jose Unified School  
17 District.